

**UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

THE OFFICIAL COMMITTEE OF	)	
UNSECURED CREDITORS OF	)	
ALLEGHENY HEALTH, EDUCATION	)	
AND RESEARCH FOUNDATION,	)	
	)	
Plaintiff,	)	Civil Action No. 00-684
	)	
v.	)	Judge David Stewart Cercone
PRICEWATERHOUSECOOPERS, LLP,	)	
	)	
Defendant.	)	

**EXHIBITS TO THE COMMITTEE'S BRIEF IN OPPOSITION TO  
PWC'S MOTION TO EXCLUDE TESTIMONY CONCERNING CERTAIN  
DAMAGES THEORIES PROFFERED BY R. BRUCE DEN UYL**

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Unsecured Creditors of AHERF

July 11, 2005



**In The Matter Of:**

**AHERF v.  
PRICEWATERHOUSECOOPERS, LLP**

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**DANIEL L. STICKLER**

*May 9, 2003*

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STICKLER, DANIEL L.



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 12 CRAVATH, SWAINE & MOORE LLP  
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 13 BY: KEVIN Y. TERUYA, ESQ.  
 -and-  
 14 JOHN FRASER, ESQ.  
 ROBERT M. D'ANGEL, ESQ.  
 Attorney for the Witness and  
 The Hunter Group  
 333 Irving Avenue  
 Bridgeton, New Jersey 08302-2100  
 15  
 ALSO PRESENT:  
 16 HEATHER ZAMORA-HEGG, Videographer  
 Legalink Action Video  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

1  
 2 MR. D'ANGEL: I'm John D'Angel,  
 3 representing Dan Stickler and The Hunter Group.  
 4 THE VIDEOGRAPHER: Today the court  
 5 report is Jack Finz.  
 6 Would the court reporter please swear  
 7 the witness.  
 8 DANIEL STICKLER,  
 9 having been first duly sworn by the Notary Public  
 10 (Jack Finz), was examined and testified as  
 11 follows:  
 12 EXAMINATION BY MR. TERUYA:  
 13 Q. Good morning, Mr. Stickler.  
 14 A. Good morning.  
 15 Q. Before we start out with substantive  
 16 questions, I just wanted to go over a few basic  
 17 preliminary questions, and let me start off by  
 18 asking you, are you represented by counsel this  
 19 morning?  
 20 A. Yes, Bob D'Angel.  
 21 Q. And that's Mr. D'Angel who is seated  
 22 at this table?  
 23 A. Yes.  
 24 Q. Are you familiar with how a  
 25 deposition works?

1  
 2 THE VIDEOGRAPHER: This is the video  
 3 operator speaking, Heather Zamora-Hegg, of Action  
 4 Legal Video, 420 Lexington Avenue, New York, New  
 5 York. Today is May 9, 2003, and the time is 9:07  
 6 a.m. We are at the offices of Cravath, Swaine &  
 7 Moore, LLP, Worldwide Plaza, 825 Eighth Avenue,  
 8 to take the videotaped deposition of Dan Stickler  
 9 in the matter of AHERF versus  
 10 Pricewaterhousecoopers, LLP, Civil Action No.  
 11 00-684, in the United States District Court for  
 12 the Western District of Pennsylvania.

13 Will counsel please introduce  
 14 themselves.

15 MR. TERUYA: Kevin Teruya, from  
 16 Cravath, Swaine & Moore, LLP, for  
 17 Pricewaterhousecoopers, and with me as well is  
 18 John Fraser.

19 MR. WITTEN: I'm Jesse Witten with  
 20 Jones Day, representing the Official Committee of  
 21 Unsecured Creditors of Allegheny Health,  
 22 Education and Research Foundation.

23 MR. WIERS: I'm Adam Wiers, also with  
 24 Jones Day, representing Creditors Committee as  
 25 well.

1 DANIEL STICKLER  
 2 A. Yes.  
 3 Q. Let me just say that, as usual, if at  
 4 any time you have any questions, feel free to  
 5 chime in and ask me. If you need to take a  
 6 break, let me know that as well. And if you  
 7 could please wait until I finished asking my  
 8 question before answering, that will help the  
 9 court reporter a lot, and the record. And also  
 10 if you could answer audibly rather than with  
 11 gestures or otherwise, we would appreciate that.  
 12 Do you have any questions before we  
 13 start out?  
 14 A. No.  
 15 Q. Could you tell me what your full name  
 16 is for the record?  
 17 A. Daniel Lee Stickler.  
 18 Q. And could you please tell me your  
 19 residential address?  
 20 A. 5803 Fairwood Circle, Sarasota,  
 21 Florida 34243.  
 22 Q. And would you also tell me your work  
 23 address?  
 24 A. They recently moved the office of The  
 25 Hunter Group. It's on the card that I

1 DANIEL STICKLER  
 2 distributed. I don't have it from memory. If  
 3 you want me to read it for you, I can.  
 4 Q. Sure.  
 5 A. 101 East Kennedy Boulevard, Suite  
 6 2200, Tampa, Florida 33602.  
 7 Q. Thank you.  
 8 Could you please tell me your  
 9 educational background, starting with college?  
 10 A. I have a bachelor's degree in civil  
 11 engineering from West Virginia University, a  
 12 master's degree in public health and health care  
 13 management from the University of Pittsburgh.  
 14 Q. Could you tell me what year,  
 15 approximately, you got your bachelor's degree in?  
 16 A. 1960.  
 17 Q. And could you tell me what year you  
 18 got your master's in?  
 19 A. 1970.  
 20 Q. Just to clarify, you have no formal  
 21 accounting training of any kind, do you?  
 22 A. None.  
 23 Q. And you are not a CPA?  
 24 A. No.  
 25 Q. And you don't have any other formal

1 DANIEL STICKLER  
 2 A. No, I don't.  
 3 Q. If you turn to the second page, do  
 4 you see that at the top it says The Hunter Group,  
 5 and there's a list of bullet points underneath  
 6 it?  
 7 A. Yes.  
 8 Q. Is this of the type of document that  
 9 The Hunter Group might prepare for a potential  
 10 engagement?  
 11 A. It may be one that would be prepared  
 12 that would be of a generic nature, but generally  
 13 the engagement letter would be much more  
 14 specific.  
 15 Q. Does this appear to be the kind of  
 16 marketing materials that The Hunter Group  
 17 prepares?  
 18 A. I'm not sure I've ever seen something  
 19 exactly like this before.  
 20 Q. Do you know who -- at The Hunter  
 21 Group, did you have responsibility over preparing  
 22 marketing literature?  
 23 A. No.  
 24 Q. Do you know who did, during the  
 25 period around the AHERF engagement?

1 DANIEL STICKLER  
 2 kinds of training, other than those you have  
 3 already mentioned?  
 4 A. At one point I took some courses in  
 5 the administration of higher education at the  
 6 University of Pittsburgh, toward a doctorate  
 7 degree, but I did not complete it.  
 8 Q. And you said that was in -- or your  
 9 studies were directed toward administration of  
 10 higher education?  
 11 A. Yes.  
 12 Q. Are you talking about running a  
 13 university or --  
 14 A. Yes.  
 15 MR. TERUYA: I would like to mark as  
 16 Exhibit 1550 a document bearing Bates numbers  
 17 HUNT 4821 through 4857, and on the front there is  
 18 a cover sheet that says "AHERF-Proposal."  
 19 (Deposition Exhibit 1550  
 20 for identification, document bearing Bates  
 21 numbers HUNT 4821 through HUNT 4857.)  
 22 Q. I will give you a second to read it.  
 23 Just let me know when you have had a chance to  
 24 look through the document.  
 25 Do you recognize this document?

1 DANIEL STICKLER  
 2 A. I don't recall, no.  
 3 Q. Why don't we just turn for the moment  
 4 to the page with HUNT 4841 in the bottom right  
 5 corner. Do you see that on that page there  
 6 appears to be a description of your resume,  
 7 essentially, in prose? Do you see that?  
 8 A. Yes.  
 9 Q. Does this appear to be an accurate  
 10 description of your resume, at least at the time  
 11 before the AHERF engagement?  
 12 A. It appears to be, with a brief review  
 13 of it, yes.  
 14 Q. I just want to direct your attention  
 15 to the entry that says "Prior to joining The  
 16 Hunter Group, other major consulting assignments  
 17 included recommending a new management reporting  
 18 system and providing consultation services for  
 19 the patient-focused care initiative, Hahnemann  
 20 University Hospital, Pennsylvania."  
 21 Do you see that?  
 22 A. Yes.  
 23 Q. Could you please tell me what you did  
 24 for that consulting assignment?  
 25 A. I was in practice in the name of DLS

## 1 DANIEL STICKLER

2 A. Well, as of this January, when I  
 3 scaled back another step, I indicated, I hate to  
 4 say an unwillingness, but no longer a -- a desire  
 5 to no longer go into the field as an engagement  
 6 director for long-term engagements. And so I  
 7 have done a little bit of oversight work on some  
 8 engagements since then, but that's the major  
 9 change.

10 Q. And that's since January of this  
 11 year, approximately?

12 A. Yes.

13 Q. And other than that, have any other  
 14 changes occurred in your responsibilities at The  
 15 Hunter Group since the AHERF engagement?

16 A. Only as the clients changed.

17 Q. Since the acquisition -- let me take  
 18 a step back. I saw from your business card that  
 19 it appears that The Hunter Group was acquired by  
 20 Navigant; is that correct?

21 A. Yes.

22 Q. Do you recall approximately when that  
 23 was, the acquisition?

24 A. Sometime --

25 Q. Last year?

## 1 DANIEL STICKLER

2 don't think so.

3 Q. So there are no other -- just to  
 4 clarify my question, since I misspoke, there were  
 5 no former AHERF employees who worked for The  
 6 Hunter Group at the time that you --

7 A. Not that I can recall, no.

8 Q. Other than the work we have talked  
 9 about that you did at DLS Associates and at The  
 10 Hunter Group, did you do any other work for AHERF  
 11 at any time?

12 A. No.

13 Q. And you said you were CEO of  
 14 Presbyterian Hospital in Pittsburgh; is that  
 15 correct?

16 A. Yes.

17 Q. Do you know what years that was from?  
 18 A. It was approximately 1976 to 1986. I  
 19 was with the hospital from '66 to '86, CEO from  
 20 '76 to '86.

21 Q. During your time at Presbyterian  
 22 University Hospital, did you ever come to know  
 23 what an IDS strategy is, an integrated delivery  
 24 system strategy?

25 A. Oh, yes. Yes.

## 1 DANIEL STICKLER

2 A. A year ago or so, I think. I don't  
 3 have a good handle on that. I was not an owner,  
 4 and I was not one of the groups involved because  
 5 I was by then scaling back myself.

6 Q. Are you saying you had no involvement  
 7 in the acquisition?

8 A. No.

9 Q. Do you know of the reasons for the  
 10 acquisition?

11 A. No.

12 Q. Has the acquisition in any way  
 13 changed, as far as you can tell, the way The  
 14 Hunter Group operates?

15 A. No. I couldn't judge that. Somebody  
 16 else would have to judge that.

17 Q. Did anyone who worked for The Hunter  
 18 Group come to work for AHERF at any time before  
 19 its bankruptcy, other than through an engagement  
 20 of The Hunter Group?

21 A. I'm relatively certain not.

22 Q. Were there any former AHERF employees  
 23 who were employed by The Hunter Group, other than  
 24 yourself -- I'm sorry, not even you.

25 A. I was never an AHERF employee. I

## 1 DANIEL STICKLER

2 Q. Could you tell me your understanding  
 3 of what it is?

4 A. Bring together the components of  
 5 health care delivery, inpatient and outpatient,  
 6 and physician, and insurance, and all the  
 7 components together in one system.

8 Q. Would that include acquiring other  
 9 hospitals that are in the same market as the  
 10 certain hospital?

11 MR. WITTEN: Objection.

12 A. It would depend on how somebody would  
 13 implement the strategy.

14 THE WITNESS: I'm sorry. Am I  
 15 supposed to answer when somebody objects?

16 MR. D'ANGEL: Yes. He is just noting  
 17 it for the record. If they don't want you to  
 18 answer, one of them will make that clear.

19 Q. Let me take a step back then. You  
 20 mentioned in your description of your  
 21 understanding of an integrated delivery system  
 22 strategy bringing together the components of a  
 23 health care system. Could you tell me what some  
 24 of the potential components are for a health care  
 25 system?

1 DANIEL STICKLER  
2

3 A. I think I just did. You know,  
4 medical center hospitals, community hospitals,  
5 physician practices, outpatient, activities, in  
6 some cases insurance companies was brought into  
7 it. It was implemented to different degrees by  
8 different systems during that era.

9 Q. Would engaging in risk contracts be  
10 one potential component of creating a health care  
system, as you have described it?

11 A. It might be, but it might not,  
12 depending on how they chose to implement it.

13 Q. Did you ever have occasion while you  
14 were at Presbyterian University Hospital to  
15 pursue an integrated delivery system strategy?

16 A. I pursued a relationship with a  
17 number of community hospitals, whereby we had  
18 board representation from their board on our  
19 board, but it was not one of ownership or  
20 control. And at the same time there were five  
21 hospitals that were associated with the  
22 University of Pittsburgh Medical School that were  
23 all independent hospitals, but we did a number of  
24 things together, like laboratory, radiology,  
25 laundry, and things like that.

1 DANIEL STICKLER  
2

3 A. It was called a Capstone course. It  
4 was a case study course designed to bring  
5 together the other elements of the education.

6 Q. While you were at the University of  
7 Pittsburgh, do you ever recall having any  
8 discussions relating to Allegheny General  
9 Hospital with any of the management of the  
University of Pittsburgh?

10 A. They were our primary competitor in  
11 that area. So I assumed there were discussions  
12 on a somewhat regular basis as we worked on our  
13 competitive strategies.

14 Q. Were you part of those conversations  
15 regarding the competitive strategy of the  
16 University of Pittsburgh?

17 A. At that point in time, the hospital  
18 was independent of the university. It's part of  
19 the University of Pittsburgh Medical Center  
20 today, but at that point in time it was a  
21 separate corporation and independent. But we had  
22 our competitive strategy discussions, yes.

23 Q. So the university had competitive  
24 strategy discussions relating to AGH?

25 A. Our hospital did. They were our

1 DANIEL STICKLER  
2

3 Q. Were you CEO of any other hospitals  
4 over time, other than Presbyterian University  
5 Hospital?

6 A. Cedars Medical Center, Miami,  
Florida.

7 Q. When you were at Cedars Medical  
8 Center, did you have occasion there to pursue an  
9 IDS strategy?

10 A. No. We were doing a turnaround and  
11 survival mode.

12 Q. Were you also at a point in time a  
13 faculty member at the Graduate School of Public  
14 Health --

15 A. Yes.

16 Q. -- for the University of Pittsburgh?

17 A. Yes. Not full-time faculty.

18 Q. Do you recall approximately when?

19 A. But I had course responsibility.

20 I would say probably the early 1970s  
21 through to my departure from Pittsburgh in 1986.  
22 I had responsibility for one course each year,  
23 the Capstone course for the master's degree  
24 students.

25 Q. Which course was that?

1 DANIEL STICKLER  
2

3 primary competitor in that market.

4 Q. So were you working at the University  
of Pittsburgh Medical Center at that time?

5 A. The University of Pittsburgh Medical  
6 Center didn't exist in the form that it exists  
7 today. That's the point I was trying to make.  
8 There were four or five -- four independent  
9 hospitals that worked with the university medical  
10 school but were not part of the university and  
11 not part of the central corporate structure at  
12 that point in time.

13 Q. When you said that AGH was your  
14 primary competitor, or your hospital's primary  
15 competitor, which hospital are you referring to  
16 there?

17 A. Presbyterian University Hospital.

18 Q. I was confused for a second there.

19 So while you were at Presbyterian you  
20 had discussions relating to competitive strategy  
21 with AHERF?

22 MR. WITTEN: Objection.

23 A. Anybody we competed with.

24 Q. Do you recall the substance of any of  
25 those conversations?

## 1 DANIEL STICKLER

2 this report if --

3 A. They would have been in the report,  
4 whatever recommendations I had, yes.5 Q. Is there any particular section of  
6 this report that contains your suggestions, or  
7 are they just interspersed throughout? Feel free  
8 to, obviously, look through the report.

9 A. The question was?

10 Q. I was just wondering, is there a  
11 particular section of this report that contains  
12 your suggestions or are they just sort of  
13 mentioned throughout, wherever you had them?14 A. They appear to be mentioned wherever  
15 they occur here in the report.16 Q. Before leaving the report, let me  
17 just confirm, you have no recollection at all  
18 about the market conditions of the Delaware  
19 Valley region in 1994?

20 A. No, none at all.

21 Q. Do you have any recollection, or did  
22 you keep abreast of market conditions in the  
23 Delaware Valley region over time prior to  
24 arriving at AHERF in 1998?

25 A. No. Had no reason to.

## 1 DANIEL STICKLER

2 A. This was a very untypical engagement  
3 in that we came in to perform a performance  
4 improvement program, develop a performance  
5 improvement program, and that normally, in an  
6 institution of that magnitude, would have taken  
7 14 to 16 weeks. Very soon after we got there it  
8 became apparent that there was not enough cash to  
9 sustain the organization through the development  
10 of a turnaround plan and the implementation of a  
11 turnaround plan, and so our focus changed  
12 completely at that point in time.13 Q. Did you have a chance during that  
14 time to, if you recall, speak with management  
15 about what management was doing at the time to  
16 deal with market conditions?17 A. I don't recall. My memory of that  
18 entire event is not very strong at this point,  
19 this many years later, as you're seeing, I guess,  
20 from my answers.21 Q. Do you recall that in 1997 -- let me  
22 take a step back. Do you recall where you were  
23 in 1997, what engagement you might have been  
24 working on in calendar year 1997 for The Hunter  
25 Group?

## 1 DANIEL STICKLER

2 Q. Do you recall, moving away from 1994,  
3 what the market conditions were like in the  
4 Delaware Valley region in 1998?

5 A. I don't recall, no.

6 Q. Did you perform any studies of the  
7 market conditions at the time?

8 A. I did not personally, no.

9 Q. Did you speak with any members of  
10 AHERF management about market conditions at the  
11 time?

12 A. I really don't recall.

13 Q. Do you recall how you received any  
14 information that you can recall about market  
15 conditions at the time?

16 A. I don't recall, no.

17 Q. Do you at least recall receiving some  
18 information about the market conditions at the  
19 time?

20 A. I don't recall, no.

21 Q. In your practice of doing work in  
22 consulting engagements, like the one you  
23 performed for AHERF, or The Hunter Group  
24 performed for AHERF, is it your normal practice  
25 to study the market conditions?

## 1 DANIEL STICKLER

2 A. No. What year did you say this  
3 engagement started?4 Q. Put differently, do you recall what  
5 engagement you might have been working on one  
6 year before the AHERF bankruptcy, or before the  
7 AHERF bankruptcy?

8 A. I don't recall specifically, no.

9 Q. Do you recall that at some point in  
10 time the Balanced Budget Act of 1997 was enacted?

11 A. I recall it was enacted, yes.

12 Q. And do you recall which hospital  
13 system you were working for, what you were  
14 working on at the time it was enacted?

15 A. Not the specific time it was enacted.

16 Q. Do you recall having any discussions  
17 at The Hunter Group about the Balanced Budget Act  
18 of 1997?19 A. I assume we did, but I don't recall  
20 them.21 Q. Do you recall any discussions at The  
22 Hunter Group about -- or what was your view of  
23 the Balanced Budget Act of 1997, from the  
24 perspective of someone who manages hospitals?

25 A. It was going to increase the

1 DANIEL STICKLER  
 2 early on our emphasis was changed from a  
 3 turnaround to survival through this bankruptcy  
 4 process, which was much more short-term.

5 Q. Did you perform any analysis of what  
 6 steps management had been taking over time in the  
 7 Delaware Valley region?

8 A. No, I did not. We made a conscious  
 9 decision that our job at that point in time was  
 10 looking forward, to deal with whatever we had to  
 11 deal with in the time period we were in, that if  
 12 somebody wanted to investigate or review the  
 13 past, that was a different job, and whoever was  
 14 responsible for it could do it.

15 Q. Would looking at any documents about  
 16 the conditions in the Philadelphia region help to  
 17 refresh your memory or would I essentially just  
 18 be putting documents in front of you that  
 19 would --

20 A. You would be wasting your time, I  
 21 think.

22 Q. Is there anything you could think of,  
 23 perhaps documents The Hunter Group generated,  
 24 that I could show you that would help to jog your  
 25 memory about market conditions in Philadelphia?

1 DANIEL STICKLER  
 2 I came. I'm pretty certain he was.  
 3 Q. Did you have any interactions with  
 4 the provost or dean of the university that AHERF  
 5 owned?

6 A. Yes, both of them.

7 Q. Do you recall the names of those  
 8 individuals?

9 A. I don't recall the name of the  
 10 provost. I recall the name of the dean was  
 11 Barbara Atkinson.

12 Q. Do you recall that the provost was  
 13 Leonard Ross?

14 A. I think you're right. Well, wait a  
 15 minute. Wait a minute. I'm not certain whether  
 16 that's a name of the person that was there at the  
 17 time we came in or the name of the person that  
 18 was brought in after we left. So I'm not certain  
 19 which one of those it was, to be honest.

20 Q. Do you recall the names of any of the  
 21 other members of AHERF management that you might  
 22 have dealt with at the time you arrived in 1998?

23 A. I dealt with all the department  
 24 chairmen of the school. I don't recall the names  
 25 of the individuals. I'm sorry, I don't recall

1 DANIEL STICKLER

2 A. Not that I can think of, no.

3 Q. You don't recall ever preparing any  
 4 reports, or anything like that, that described  
 5 the market conditions?

6 A. I didn't prepare any, and I don't  
 7 believe our firm did prepare one during that time  
 8 period.

9 Q. When you arrived at AHERF in 1998, do  
 10 you recall which hospital CEOs you might have had  
 11 any interactions with?

12 A. All of them that were in place at the  
 13 time. I was in a management role and all of them  
 14 that were in place at the time had direct  
 15 reporting relationships to me. That would have  
 16 been Meg McGoldrick, Gebar. Gee, I don't  
 17 remember the guy's name over at Graduate.

18 Q. Is that Robert Matthews?

19 A. Yes. And I don't remember the names  
 20 at the other smaller hospitals, either.

21 Q. Do you recall that Galvin Bland was  
 22 working at St. Christopher's Hospital for  
 23 Children?

24 A. I recall him having been there while  
 25 I was there, and I think he was there at the time

1 DANIEL STICKLER

2 their names now.

3 Q. By the time you arrived at AHERF in  
 4 1998, was Sherif Abdelhak no longer employed  
 5 there?

6 A. Yes, he was gone.

7 Q. And was David McConnell already gone?

8 A. David was still there.

9 Q. And Nancy Wynstra was still there?

10 A. Was still there.

11 Q. Did you have chances to interact with  
 12 the two of them?

13 A. Limited chances to, yes. Not too  
 14 long after I was there the legal services for the  
 15 eastern operation was separated from the  
 16 corporate legal services, and they began  
 17 reporting to me instead of to Nancy. Not too  
 18 long after we got there, Dave McConnell  
 19 departed. And I don't remember much discussion  
 20 with him at all.

21 Q. You said the eastern region legal  
 22 department was reporting to you after you got  
 23 there, after some time?

24 A. Not too long after I got there, yes.

25 Because we were in the process of paring it down.

## 1 DANIEL STICKLER

2 Q. Paring down the legal department?

3 A. Yes, as we were with all the expenses  
4 we could pare down.5 Q. Do you recall that outside law firms  
6 were brought in to assist AHERF with its legal  
7 services at the time?8 A. I recall that they were using some  
9 external legal counsel in addition to the paid  
10 staff, yes.11 Q. Do the names of either Kirkpatrick &  
12 Lockhart or Hahn Losier ring any bells as the  
13 names of those firms?14 A. My recollection is that Hahn Losier,  
15 if I'm not mistaken, was the bankruptcy counsel  
16 that was brought in by corporate AHERF, and  
17 Kirkpatrick & Lockhart I think was legal counsel  
18 to corporate in Pittsburgh.19 Q. Does the name of the law firm Foley &  
20 Lardner ring any bells as well?

21 A. Yes.

22 Q. Do you recall what their role was?

23 A. They were assisting the eastern  
24 operations relative to the -- there was in  
25 process at the time, if I recall correctly, an

## 1 DANIEL STICKLER

2 wasn't enough time to do it. We didn't get into  
3 it very deeply.4 Q. So you didn't have enough time to put  
5 together a turnaround plan?6 A. There wasn't enough money to operate  
7 with to do it.8 Q. So you never, in fact, put together  
9 even a plan?10 A. We put together a 30,000-foot level  
11 estimate of what we thought we could do and how  
12 long it would take to do it and how much money we  
13 would need to operate in order to survive long  
14 enough to do that. We did put that together.15 Q. But you never got a chance to test  
16 out the plan or actually implement it?

17 MR. WITTEN: Objection.

18 A. Never got any money from anybody to  
19 carry through to do it.20 Q. So you can't say as you sit here  
21 today whether the plan would have worked or not?22 A. We thought it would or we wouldn't  
23 have proposed it, but we don't know unless it's  
24 tested.

25 Q. And you said your role was not to

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2 attempt to sell part of the hospitals in the  
3 eastern operation, and they were assisting with  
4 that transaction that was being dealt with by  
5 investment bankers. And they had assisted with  
6 some other work during that process, internal  
7 corporate work, I would say, as opposed to  
8 bankruptcy work.9 Q. Was the sale that you are referring  
10 to the sale of the Philadelphia region hospitals  
11 to Vanguard at the time that you arrived?12 A. There was a -- discussions were going  
13 on about selling some portion of the Philadelphia  
14 region hospitals to Vanguard at the time, yes.  
15 It wasn't all the eastern hospitals, I don't  
16 believe.17 Q. At the time you arrived, did you have  
18 the sense that the hospital CEOs who you  
19 interacted with were doing the best that they  
20 could under the circumstances?21 A. I don't know that I was in a position  
22 to make that call that quick. You know, we  
23 thought we could put together a turnaround plan  
24 that would help to improve the financial  
25 situation if we had enough time to do it. There

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2 evaluate what management had done in the past,  
3 and the goal was just to look forward; is that  
4 right?5 A. That's exactly right. And we made  
6 that as a conscious decision, because we had a  
7 very heavy full-time effort to try to lead that  
8 organization through the process it was going  
9 through, and we felt -- I felt very strongly that  
10 it was not our responsibility and it would be a  
11 distraction of management to spend our time  
12 looking back trying to figure out what somebody  
13 did right or wrong. It was immaterial to us at  
14 that point.15 Q. Would part of putting together a  
16 turnaround plan have entailed studying the market  
17 conditions under which AHERF operated?18 A. It would have had we done the full  
19 plan, yes.20 Q. And you said you didn't get a chance  
21 to study the market conditions?

22 A. No.

23 MR. WITTEN: Objection.

24 A. We did not. In my recollection, we  
25 did not.

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2 Q. And in your experience, does the  
 3 feasibility of a turnaround plan and what steps  
 4 you take in implementing a turnaround plan depend  
 5 upon the market conditions in which a hospital  
 6 operates, or a hospital system?

7 A. As I indicated, we did a 30,000-foot  
 8 level look at what we thought we might be able to  
 9 do because we were working under a very short  
 10 time constraint, and we had to get money fast in  
 11 order to stay alive. And we did not have time to  
 12 do such an analysis. If we had done a full  
 13 14-week or 16-week performance improvement plan,  
 14 then we would have taken a look at the market  
 15 conditions and the strength of the organization  
 16 and projected what we thought they could do in  
 17 that market condition.

18 Q. But you didn't have the chance to do  
 19 that under the circumstances?

20 A. Right. We didn't even keep our  
 21 marketing person on the job.

22 Q. Your person who conducted market  
 23 studies?

24 A. Yes.

25 Q. Do you know who that was at The

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2 level.

3 Q. And you said that this was a plan,  
 4 you know, at the 30,000-foot level, without  
 5 details, that you formulated in conjunction with  
 6 discussions with the hospital CEOs of AHERF?

7 A. Yes.

8 Q. Was Tony Sanzo involved in any of  
 9 those discussions?

10 A. I'm certain that -- I don't know  
 11 whether he was involved in the process of putting  
 12 it together, but I'm rather certain that it was  
 13 reviewed and discussed with him once it was put  
 14 together.

15 Q. And were any members of AHERF's board  
 16 involved in those discussions?

17 A. No.

18 Q. Either --

19 A. No. Not with me, at least.

20 Q. Backing up for a moment, in addition  
 21 to the various CEOs you have mentioned and Nancy  
 22 Wynstra and David McConnell, did you have a  
 23 chance to work with any AHERF board members  
 24 throughout your engagement with AHERF?

25 A. There was one or two occasions in

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2 Hunter Group?

3 A. I don't remember who was sent to the  
 4 project. As I said, we restructured the project  
 5 very rapidly very soon after we were there.

6 Q. We will come to that, and I will show  
 7 you some documents with names of people.

8 Do you recall what were the  
 9 components of the 30,000-foot plan that you just  
 10 mentioned?

11 A. I really don't.

12 Q. Is that just an internal plan that  
 13 you had formulated that was thought about at The  
 14 Hunter Group?

15 A. It was something that the members of  
 16 the team that we still had there at the time, and  
 17 the members of the management team that were  
 18 there in Philadelphia, i.e., the dean and the  
 19 provost and the hospital CEOs, put together based  
 20 on, as I said, a 30,000-foot level look on our  
 21 part, and then asking them what were the  
 22 opportunities for cost reductions.

23 And I don't want to overstate the  
 24 detail of that because, and I repeat, it was  
 25 looking at it on very rapidly the 30,000-foot

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2 which I appeared at an AHERF board meeting. I  
 3 don't even recall the reason why I was there.  
 4 Maybe it was when they were interviewing us to  
 5 hire us; I'm not certain. And then there was an  
 6 eastern board that met regularly during the time  
 7 that we were there, and we did interact with that  
 8 group.

9 Q. Taking it in steps, you said you  
 10 thought you might have appeared at one or more of  
 11 the meetings of AHERF, the parent company's,  
 12 board, located in Pittsburgh; is that correct?

13 A. Yes.

14 Q. And, in addition to that, you also  
 15 thought you might have from time to time met with  
 16 or interacted with members of the eastern region  
 17 board?

18 A. Yes. There was a separate board for  
 19 the eastern operation, and I did -- they met in  
 20 Philadelphia, and I met with them on a number of  
 21 occasions, discussed with them things that we  
 22 were proposing to do, et cetera.

23 Q. And would that have been the meetings  
 24 with the Philadelphia region board members in the  
 25 context of a formal board meeting, or did you

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2 is that right, to the best of your memory?

3 A. That's my recollection, and then I  
4 thought I made a mistake when I read this, but  
5 now I go back to my recollection.6 Q. And as to the package for the whole  
7 set of Philadelphia region hospitals, to the best  
8 of your recollection, that fell through sometime  
9 around the bankruptcy, you recalled before, but  
10 maybe it was after; is that right?11 A. No. I'm thinking, now that I read  
12 these minutes, that this proposal was part of the  
13 package of filing for bankruptcy, and that the  
14 bankruptcy counsel wanted and did receive what  
15 they called a stalking horse bid, and I recollect  
16 now, I think, it's very fuzzy, that that's what  
17 this was. But I'm not positive.18 Q. Could you explain what your  
19 understanding is of a stalking horse bid, or is  
20 that some term that's unique to AHERF, as far as  
21 you are concerned?22 A. I think it's a term that's unique to  
23 the bankruptcy process. My understanding of it  
24 was that it created a base for other proposals,  
25 but that's about as much recollection as I have

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2 Q. I mean, does looking at these minutes  
3 refresh your memory at all, or are you able to  
4 see what's on them?

5 A. It makes me think that this must have  
6 been it, but I don't know whether I would testify  
7 that this was it based on that.

8 Q. You don't have any recollection of  
9 your own at this point?

10 A. No.

11 MR. TERUYA: I would like to mark as  
12 Exhibit 1554 a document with Bates numbers HUNT  
13 4502 through 4505, dated June 16, 1998. It seems  
14 to be an engagement letter between The Hunter  
15 Group and AHERF dated June 16, 1998.  
(Deposition Exhibit 1554  
17 for identification, document Bates stamped HUNT  
18 4502 through HUNT 4505.)

19 A. Okay.

20 Q. Do you recognize this document?

21 A. I see it and read it. I'm sure I saw  
22 it before, but I don't recall.

23 Q. Does this appear to you to be the  
24 engagement letter between The Hunter Group and  
25 AHERF?

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2 on that.

3 Q. When you say a base for other  
4 proposals, did you mean that you had an  
5 understanding that the Vanguard bid would sort of  
6 be publicly known and other bidders in the  
7 bankruptcy process would have to beat that bid,  
8 essentially?9 A. Whether it was publicly known, I  
10 don't know. I don't recall.11 Q. But you recall that was the deal on  
12 the table --13 A. I recall at some point in time there  
14 was discussion about a stalking horse bid, and  
15 Vanguard did put in a bid that was considered the  
16 stalking horse bid. That's about as much as I  
17 recall about it.18 Q. And in terms of the general  
19 recollection you have of a meeting where there  
20 was video conferencing between Allegheny General  
21 Hospital on the west and I assume Hahnemann  
22 University on the east, do you have any  
23 recollection of what that meeting was about?24 A. Only what I recall -- you know, what  
25 these minutes tell me.

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2 A. It appears to be the engagement  
3 letter between The Hunter Group and AHERF  
4 relative to the interim management services. I  
5 think I stated to you earlier that there was  
6 performance improvement planning responsibility.  
7 I had thought that was all in one engagement  
8 letter. There must have been separate engagement  
9 letters, is all I can conclude, because I don't  
10 see it mentioned here.

11 Q. I will just mention, I have a series  
12 of engagement letters, and I was just trying to  
13 understand the differences between them. So I am  
14 taking out new ones, and if you are wondering  
15 what I am doing.

16 So does this appear to be the initial  
17 engagement letter between AHERF and The Hunter  
18 Group?

19 A. It appears to be, yes.

20 Q. Do you see the signature on page 4 of  
21 the document of Larry Scanlan?

22 A. Yes.

23 Q. Was he the president of The Hunter  
24 Group at the time?

25 A. Yes.

<p style="text-align: right;">Page 146</p> <p>1 DANIEL STICKLER      2 Q. Is he still the president of The      3 Hunter Group, to the extent there is one, at      4 present?      5 A. I don't know what his exact title is      6 now.      7 MR. D'ANGEL: He's a managing      8 director at Navigant. He's a Navigant employee      9 now.      10 Q. Back at the time in 1998, did Larry      11 Scanlan have any kinds of involvement in the      12 AHERF engagement, other than signing off the      13 engagement letter, to your knowledge?      14 A. Not to my knowledge. He may have had      15 in relationship to David Hunter, but I don't      16 recall in relationship with me.      17 Q. And do you recognize this to be his      18 handwriting on page 4?      19 A. No.      20 Q. You don't know?      21 A. No.      22 Q. But you don't have any reason to      23 believe that this is not the engagement letter?      24 A. No.      25 Q. And at this point in time, is it</p>	<p style="text-align: right;">Page 148</p> <p>1 DANIEL STICKLER      2 A. Yes.      3 Q. Was that on a different engagement?      4 A. No, I was visiting my in-laws.      5 Q. At that time you were still residing      6 down in Florida?      7 A. Yes.      8 Q. Did you have to move up to      9 Pennsylvania for the AHERF engagements?      10 A. No. I got a corporate apartment      11 there in town, and used that, and went home on      12 weekends when I could.      13 Q. Were most of the members of the      14 engagement team from The Hunter Group who worked      15 at AHERF residents of Pennsylvania?      16 A. I couldn't even --      17 Q. Or put differently, were there a lot      18 of people who were in the same boat as you,      19 coming from Florida to Pennsylvania, or were      20 there lots of people who were from Pennsylvania?      21 A. Our people are scattered to live all      22 over the country, and live wherever they want to,      23 and fly to work Monday morning. And one guy on      24 the engagement was from New Jersey, and he drove      25 in. I think he drove in every day most of the</p>
<p style="text-align: right;">Page 147</p> <p>1 DANIEL STICKLER      2 correct that this was an engagement letter just      3 for services by you and David Hunter in terms of      4 providing interim management services?      5 A. That's what I see here, yes.      6 Q. And at the time do you know why or      7 what was the objective in terms of obtaining      8 interim management services from The Hunter      9 Group, if you know?      10 A. If I'm not mistaken, this was within      11 days after the departure of Sherif and Donald      12 Kaye, the eastern regional executive, and they      13 were trying to plug a hole, I think.      14 Q. Do you remember who contacted whom?      15 Did AHERF contact The Hunter Group, or vice      16 versa?      17 A. I don't know. I was riding down the      18 Coroner Turnpike in Ohio with my wife when I got      19 a call on my cell phone that said can you be in      20 Philadelphia Monday morning.      21 Q. That was on a Friday, you said, they      22 gave you a call, and said be at work on Monday?      23 A. Friday or Saturday.      24 Q. And you were in Ohio, you said, at      25 the time?</p>	<p style="text-align: right;">Page 149</p> <p>1 DANIEL STICKLER      2 time, and drove back. There was another guy that      3 I think his residence was in Philadelphia, in the      4 Philadelphia area, who drove in and back.      5 I'm trying to think who else was      6 there. I don't even remember. Honan's residence      7 was in Florida at the time, I think.      8 Q. Were there any individuals other than      9 yourself who had had management experience in      10 Pennsylvania in terms of running hospitals, who      11 were on the engagement team?      12 A. Well, David Hunter, of course. Alan      13 Dzija was on the engagement team and had had      14 experience in the Philadelphia area. I don't      15 remember whether he had -- he worked for one of      16 the consulting firms. I don't know whether he      17 had direct hospital experience or not. I don't      18 recall others.      19 Q. Was David Hunter actually on the      20 engagement team, or did he just arrange for the      21 engagement to occur and then left it to you?      22 A. He spent some time there. I couldn't      23 tell you exactly how much. But he spent some      24 time there, and he also spent some time on the      25 phone with me relative to it. But my</p>

**In The Matter Of:**

**AHERF v.  
PRICEWATERHOUSECOOPERS, L.L.P.**

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**DANIEL L. STICKLER**

*May 28, 2003*

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<p>1 2 APPEARANCES: 3 JONES DAY Attorneys for Plaintiff 4 51 Louisiana Avenue, N.W. Washington, D.C. 20001 5 BY: JESSE A. WITTEN, ESQ. 6 7 JONES DAY Attorneys for Plaintiff 8 500 Grant Street - Suite 3100 Pittsburgh, Pennsylvania 15219-2502 9 BY: ADAM W. WIERS, ESQ. 10 11 CRAVATH, SWAINE &amp; MOORE LLP 12 Attorneys for Defendant 825 Eighth Avenue 13 New York, New York 10019-7475 14 BY: KEVIN Y. TERUYA, ESQ. 15 ROBERT M. D'ANGEL, ESQ. 16 Attorney for the Witness and The Hunter Group 17 333 Irving Avenue Bridgeton, New Jersey 08302-2100 18 19 ALSO PRESENT: 20 DAVID PELOZA, Videographer Legalink Action Video 21 22 23 24 25</p>	<p>Page 264</p> <p>1 DANIEL L. STICKLER 2 to what your role was? 3 A. That was the role with AHERF, and 4 with The Hunter Group my role was engagement 5 director for the team that was there. 6 Q. And so did all members of the team 7 report to you? 8 A. Yes. 9 Q. And would you regularly meet with all 10 the members of the team to get a status update? 11 A. Yes. 12 Q. And would the members of the team 13 submit written reports to you as well? 14 A. Not usually. 15 Q. They would just orally convey to you 16 what was going on? 17 A. Or comment on the written reports of 18 the organization. 19 Q. That the organization provided? 20 A. Yes. 21 Q. And did you have responsibility to 22 approve any proposed actions that The Hunter 23 Group was going to take with respect to the 24 engagement for AHERF? 25 A. You need to be a little more</p>
<p>1 2 DANIEL L. STICKLER THE VIDEOGRAPHER: Today's date is 3 May 28, 2003. The time is 9:05. This is the 4 continuation of the deposition of Mr. Stickler. 5 It's Tape No. 4. We are on the record. 6 CONTINUED EXAMINATION 7 BY MR. TERUYA: 8 Q. Good morning. 9 A. Good morning. 10 Q. I just wanted to follow up with a few 11 items left over from last time. And let me start 12 out by taking a step back and just asking you 13 what your precise role was with respect to the 14 engagement of The Hunter Group by AHERF. 15 A. I was the interim chief operating officer for the eastern operations, reporting to the interim CEO of AHERF overall, which meant I had operational responsibilities for the medical school and the nine hospitals in the east, and the other two schools. 16 (Off the record.) 17 THE VIDEOGRAPHER: We are back on the record. And it's 9:08, Tape 4. 18 Q. Sorry about the interruption. And 19 were you complete or finished with your answer as</p>	<p>Page 265</p> <p>1 DANIEL L. STICKLER specific. I'm not sure I understand you. 2 Q. For example, if The Hunter Group was 3 going to recommend to AHERF that a certain 4 contract be submitted to the bankruptcy counsel 5 for rejection in the bankruptcy process, would 6 that have been something you were responsible for 7 approving before it was actually told to AHERF? 8 A. Not necessarily on individual 9 contracts, because I might receive a list of, for 10 example, physician contracts, and the people 11 would be telling me that this was the criteria by 12 which we developed this list, and I would approve 13 it, yes. 14 Q. So in terms of any actions that The 15 Hunter Group was recommending that AHERF take 16 after the bankruptcy, would those recommendations 17 have to be approved by you before they were 18 conveyed to the client, AHERF? 19 A. I suspect probably so. I don't 20 remember specifically. But David Hunter was the 21 oversight person on that engagement and was 22 involved there somewhat. Some things went up to 23 him for approval, some did not. 24 Q. In terms of day-to-day</p>

<p style="text-align: right;">Page 288</p> <p>1           DANIEL L. STICKLER    2 transplantation.    3       Q. But as you sit here today, you can't    4 recall what the dollar amount of annual savings    5 achieved were?    6       A. I don't recall the specific dollar    7 amount. I know that it was very significant.    8       Q. Do you recall -- when you say very    9 significant, are you talking along -- do you have    10 any sense of what range of dollar amounts you are    11 talking about?    12      A. The subsidy of that research, my    13 recollection, was approaching a million dollars a    14 year, and so I assume the savings eventually was    15 of that magnitude. There was a transition, of    16 course.    17      Q. But you said that you thought that    18 that project had some value, you said?    19      A. I felt it had value to society as a    20 research project, and I felt that if an    21 organization could afford it, it may have been    22 something that I could have recommended keeping.    23 But given the financial condition of the    24 organization, I felt that priorities had to be    25 established, and we couldn't afford to continue</p>	<p style="text-align: right;">Page 290</p> <p>1           DANIEL L. STICKLER    2 further questions on direct.    3       If you want to start.    4       MR. WITTEN: Thank you.    5       EXAMINATION BY MR. WITTEN:    6       Q. Good morning, Mr. Stickler.    7       A. Good morning.    8       Q. Let me reintroduce myself. I am    9 Jesse Witten, and I represent the Official    10 Committee of Unsecured Creditors of AHERF.    11      You testified last time that you were    12 the chief executive officer of Presbyterian    13 University Hospital in Pittsburgh.    14      A. Yes.    15      Q. Do you remember the years that you    16 were the CEO of that hospital?    17      A. The years, but not the months, 1976    18 through 1986.    19      Q. How large is that hospital, as    20 measured by the average daily number of    21 inpatients?    22      MR. D'ANGEL: Then or now?    23      Q. While you were the CEO of the    24 hospital.    25      A. If I recall correctly, it was about</p>
<p style="text-align: right;">Page 289</p> <p>1           DANIEL L. STICKLER    2 to support it.    3       Q. Was there a contract that was between    4 AHERF and this particular researcher that you are    5 mentioning?    6       A. If I recall correctly, there was.    7       Q. And was that a contract that was    8 submitted to bankruptcy counsel for --    9       A. No, because we dealt with it    10 outside. As I indicated, she was rather angry at    11 first, but I think began to understand that it    12 was a move designed to protect her research    13 project and give her a chance to find a new home    14 for it, and she did.    15      Q. Was her contract a contract that    16 AHERF could not have just walked away from, to    17 your understanding, prior to bankruptcy?    18      A. I'm not a lawyer, and I couldn't    19 express an opinion on that.    20      Q. When you said there was a contract    21 with this person, was it some kind of a research    22 contract?    23      A. I've gone as far as my memory is    24 going to carry me.    25      MR. TERUYA: Well, I don't have any</p>	<p style="text-align: right;">Page 291</p> <p>1           DANIEL L. STICKLER    2 580 patients, average daily census at that -- at    3 the point at the end of that time period.    4       Q. And that hospital while you were the    5 CEO was affiliated with the University of    6 Pittsburgh?    7       A. Yes.    8       Q. That hospital was used to train the    9 residents and interns of the University of    10 Pittsburgh?    11      A. One of the hospitals. The primary    12 adult medical-surgical hospital used to train    13 interns and residents there.    14      Q. Measured by the number of inpatients,    15 when you were the CEO of that hospital, was there    16 a larger hospital in Pittsburgh than Presbyterian    17 University?    18      A. I don't think so. The other large    19 hospitals at the time were Allegheny General,    20 West Penn, Mercy, but I don't think any of them    21 were quite as large.    22      Q. When you left Presbyterian, you went    23 to a hospital in Florida; is that right?    24      A. Yes, sir.    25      Q. And what was the name of that</p>

<p>1 DANIEL L. STICKLER      2 hospital?      3 A. Cedars Medical Center.      4 Q. Located in?      5 A. Miami, Florida.      6 Q. And what was the size of that      7 hospital?      8 A. I don't remember the exact size. It      9 was -- I think the average census was someplace      10 around -- I think it was someplace in the four      11 hundreds at the time that I left.      12 Q. And did you have the position of      13 chief executive officer of that hospital?      14 A. Yes, sir.      15 Q. And can you remember the years that      16 you were the CEO of Cedars Medical Center?      17 A. 1986 through 1991.      18 Q. So you said the average daily census      19 was in the four hundreds when you left.      20 A. Yes.      21 Q. How about at the time that you      22 arrived?      23 A. It was probably a hundred less than      24 that.      25 Q. Can you describe Cedars' performance</p>	<p>Page 292</p> <p>1 DANIEL L. STICKLER      2 to be done. And we did a great deal of work on      3 improving the productivity and management of the      4 organization. We converted the old hospital      5 building into a physicians office building and      6 attracted some additional physicians to practice      7 there.      8 I negotiated the first affiliation      9 agreement with the University of Miami School of      10 Medicine, and we got a block of about 90 census      11 in one chunk from them, through that affiliation      12 agreement, that helped greatly.      13 Q. How did you improve productivity and      14 management at Cedars?      15 A. We got the attention of some managers      16 that may not have been paying quite as much      17 attention as they had previously, put      18 productivity monitoring systems in place,      19 reviewed all the contracts, renegotiated some of      20 them, started developing annual performance      21 expectations for every manager and evaluating      22 them against those, getting rid of people that      23 weren't contributing, and all of the things you      24 have to do.      25 Q. So no real magic?</p>
<p>Page 293</p> <p>1 DANIEL L. STICKLER      2 while you were there in terms of its financial      3 performance?      4 A. We were losing a significant amount      5 of money when I came. We were making a small      6 amount of money when I left. It was named by      7 somebody -- or I was named by somebody the      8 turnaround administrator of the year one year      9 during that time period. I'm not sure who the      10 national organization was. But we achieved a      11 financial turnaround during that time period.      12 Q. That's a nice honor, turnaround      13 executive of the year.      14 How did you accomplish --      15 A. That and a quarter will get you a cup      16 of coffee.      17 Q. Where can you get a cup of coffee for      18 a quarter.      19 A. It shows you how old I am.      20 Q. How did you cause Cedars' performance      21 to improve while you were its chief executive      22 officer?      23 A. You don't turn an organization around      24 with one or two or three things in any instance.      25 There's always a large number of things that have</p>	<p>Page 295</p> <p>1 DANIEL L. STICKLER      2 A. No.      3 Q. After you left Cedars, you testified      4 before that you went to DLS Associates -- you      5 formed DLS Associates?      6 A. Yes.      7 Q. Did you take part in any substantial      8 turnaround engagements with DLS?      9 A. No.      10 Q. After DLS, you testified that you      11 moved on to --      12 A. The Hunter Group.      13 Q. The Hunter Group. Were you and are      14 you now an employee of The Hunter Group?      15 A. I was, and I was an independent      16 contractor for some period of time. I don't      17 remember how long, whether it was three months or      18 six months, or something like that. And then I      19 became an employee and was an employee up until      20 January of this year. And I'm not exactly sure      21 what my status is right now. I have an      22 arrangement with them whereby I do work for them      23 on a per diem basis, a very limited amount of      24 work on a per diem basis, and get my health      25 insurance covered. So, I guess, I think I'm a</p>

<p>1                    DANIEL L. STICKLER      2 hospital?      3        A. Cedars Medical Center.      4        Q. Located in?      5        A. Miami, Florida.      6        Q. And what was the size of that      7 hospital?      8        A. I don't remember the exact size. It      9 was -- I think the average census was someplace      10 around -- I think it was someplace in the four      11 hundreds at the time that I left.      12        Q. And did you have the position of      13 chief executive officer of that hospital?      14        A. Yes, sir.      15        Q. And can you remember the years that      16 you were the CEO of Cedars Medical Center?      17        A. 1986 through 1991.      18        Q. So you said the average daily census      19 was in the four hundreds when you left.      20        A. Yes.      21        Q. How about at the time that you      22 arrived?      23        A. It was probably a hundred less than      24 that.      25        Q. Can you describe Cedars' performance</p>	<p>Page 292</p> <p>1                    DANIEL L. STICKLER      2 to be done. And we did a great deal of work on      3 improving the productivity and management of the      4 organization. We converted the old hospital      5 building into a physicians office building and      6 attracted some additional physicians to practice      7 there.      8                    I negotiated the first affiliation      9 agreement with the University of Miami School of      10 Medicine, and we got a block of about 90 census      11 in one chunk from them, through that affiliation      12 agreement, that helped greatly.      13        Q. How did you improve productivity and      14 management at Cedars?      15        A. We got the attention of some managers      16 that may not have been paying quite as much      17 attention as they had previously, put      18 productivity monitoring systems in place,      19 reviewed all the contracts, renegotiated some of      20 them, started developing annual performance      21 expectations for every manager and evaluating      22 them against those, getting rid of people that      23 weren't contributing, and all of the things you      24 have to do.      25        Q. So no real magic?</p>
<p>1                    DANIEL L. STICKLER      2 while you were there in terms of its financial      3 performance?      4        A. We were losing a significant amount      5 of money when I came. We were making a small      6 amount of money when I left. It was named by      7 somebody -- or I was named by somebody the      8 turnaround administrator of the year one year      9 during that time period. I'm not sure who the      10 national organization was. But we achieved a      11 financial turnaround during that time period.      12        Q. That's a nice honor, turnaround      13 executive of the year.      14        How did you accomplish --      15        A. That and a quarter will get you a cup      16 of coffee.      17        Q. Where can you get a cup of coffee for      18 a quarter.      19        A. It shows you how old I am.      20        Q. How did you cause Cedars' performance      21 to improve while you were its chief executive      22 officer?      23        A. You don't turn an organization around      24 with one or two or three things in any instance.      25 There's always a large number of things that have</p>	<p>Page 293</p> <p>1                    DANIEL L. STICKLER      2        A. No.      3        Q. After you left Cedars, you testified      4 before that you went to DLS Associates -- you      5 formed DLS Associates?      6        A. Yes.      7        Q. Did you take part in any substantial      8 turnaround engagements with DLS?      9        A. No.      10       Q. After DLS, you testified that you      11 moved on to --      12       A. The Hunter Group.      13       Q. The Hunter Group. Were you and are      14 you now an employee of The Hunter Group?      15       A. I was, and I was an independent      16 contractor for some period of time. I don't      17 remember how long, whether it was three months or      18 six months, or something like that. And then I      19 became an employee and was an employee up until      20 January of this year. And I'm not exactly sure      21 what my status is right now. I have an      22 arrangement with them whereby I do work for them      23 on a per diem basis, a very limited amount of      24 work on a per diem basis, and get my health      25 insurance covered. So, I guess, I think I'm a</p>

<p>1 DANIEL L. STICKLER      2 contract person now.      3 Q. Have you ever had an ownership      4 interest in The Hunter Group?      5 A. No.      6 Q. Aside from AHERF, were you involved      7 in any other turnaround projects for The Hunter      8 Group?      9 A. Not as the interim executive, but as      10 the engagement director for an engagement to put      11 together what we call a performance improvement      12 plan which is, in essence, a turnaround plan.      13 And, yes, that's what I did most of the      14 engagements that I was involved with with them.      15 Q. Is there a difference in the      16 expression turnaround plan and performance      17 improvement plan?      18 A. One sounds a lot better than the      19 other.      20 Q. What were some of the major      21 turnaround plans that you worked on for The      22 Hunter Group, aside from AHERF?      23 A. I guess I can name clients, can't I?      24 MR. D'ANGEL: It's public      25 information.</p>	<p>Page 296</p> <p>1 DANIEL L. STICKLER      2 recommended a course of action?      3 A. Yes.      4 Q. And then the client --      5 A. With a team, a team from The Hunter      6 Group did.      7 Q. So when I say "you," you are      8 correcting me because it wasn't just you, it was      9 you and a team of others?      10 A. That's correct.      11 Q. And then the client was to implement      12 The Hunter Group turnaround recommendations?      13 A. Yes.      14 Q. What was the nature of the      15 recommendations that were given at the University      16 of Pennsylvania by The Hunter Group?      17 A. Well, there were two notebooks about      18 that thick, which reinforces the point that you      19 can't turn around an organization by a few      20 individual actions. That's probably as best I      21 can say. But there were a great number, a great,      22 great number of recommendations. We don't put      23 together a turnaround plan that makes you think      24 there is a magic wand that's going to do it for      25 you. There's a lot of things you have to do.</p>
<p>1 DANIEL L. STICKLER      2 A. George Washington University Medical      3 Center, University of Illinois-Chicago; Beth      4 Israel Deaconess Medical Center, Boston;      5 University of Pennsylvania, Philadelphia;      6 Downstate Medical Center in Brooklyn. There's      7 probably some other ones that I'm not thinking of      8 right now.      9 Q. Were these five that you mentioned,      10 George Washington, University of      11 Illinois-Chicago, Beth Israel Deaconess,      12 University of Pennsylvania, and Downstate Medical      13 in Brooklyn, were they ultimately successful      14 turnaround engagements?      15 MR. TERUYA: Objection.      16 A. They were turnaround -- they were      17 successful turnarounds, but in every one of those      18 instances we developed a turnaround plan for the      19 organization, but we didn't manage the      20 organization during the turnaround. So we      21 contributed to the successful turnaround. I      22 don't think it would be fair to say that we did      23 the turnaround.      24 Q. So do you mean to say that you      25 analyzed the situation for the client and</p>	<p>Page 297</p> <p>1 DANIEL L. STICKLER      2 Q. So at least for your recommendations      3 at the University of Pennsylvania, and it sounds      4 elsewhere, your recommendations are an aggregate      5 of many, many distinct interventions?      6 A. Yes. Yes.      7 Q. The list of five that you gave us      8 before, GW, Illinois, Beth Israel Deaconess,      9 Pennsylvania and Downstate Medical, was it the      10 same in each case that The Hunter Group generated      11 a thick set of recommendations?      12 A. Yes.      13 Q. If you had had the time at AHERF,      14 would you have anticipated being able to make      15 those same set of recommendations?      16 MR. TERUYA: Objection.      17 A. From the 30,000-foot level, and the      18 amount of time we had, as I testified earlier, we      19 believed that if we had a certain amount of time,      20 we could have accomplished a turnaround, yes.      21 And money to carry us through that time.      22 Q. Tell me about The Hunter Group. Is      23 it a well-known company in the hospital field?      24 A. Yes.      25 Q. And how did it become well-known?</p>

<p style="text-align: right;">Page 300</p> <p>1            DANIEL L. STICKLER      2        A. Well, I think because it probably has      3        done more successful work in helping      4        organizations turn around their performance than      5        any other firm, I believe. At least I believe      6        that.</p> <p>7        Q. Is that one of the reasons you were      8        wanting to join The Hunter Group?</p> <p>9        A. I joined The Hunter Group because I      10      knew David Hunter from graduate school, and he      11      suggested it, and it sounded like a good idea.      12      As I indicated previously, I didn't like the      13      marketing piece, and et cetera.</p> <p>14      Q. Is David Hunter personally prominent      15      in the hospital field?</p> <p>16      A. Very much so.</p> <p>17      Q. And how did he become prominent?</p> <p>18      A. I think he's built a career of      19      success from a hospital CEO of a hospital in New      20      Jersey to one time served as president of the      21      Voluntary Hospitals of America, if I'm not      22      mistaken. And then through this firm, and      23      speaking, I think he was named as one of the 100      24      most -- or maybe a smaller number than that, most      25      influential people in health care by some</p>	<p style="text-align: right;">Page 302</p> <p>1            DANIEL L. STICKLER      2        A. We didn't think there was any.      3        No, the big accounting firms would      4        pop up once in a while as competition. I think      5        Cambio was in existence, or one of its      6        predecessor lives, and they popped up once in a      7        while as competition. There were probably some      8        others.</p> <p>9        Q. Is Cambio around today?</p> <p>10      A. I think so. I'm not positive.</p> <p>11      Q. And is Cambio a consulting firm that      12      does turnarounds?</p> <p>13      A. Amongst other things, they profess to      14      do them, yes.</p> <p>15      Q. They are competition for The Hunter      16      Group?</p> <p>17      A. I don't think they've taken very many      18      jobs from The Hunter Group, to be honest with      19      you. So competition would be people that are      20      winning the thing.</p> <p>21      Q. On occasion does The Hunter Group      22      tell clients that a turnaround is not feasible?</p> <p>23      A. There had been occasions when we've      24      done that, yes.</p> <p>25      Q. And why is that?</p>
<p style="text-align: right;">Page 301</p> <p>1            DANIEL L. STICKLER      2        magazine in the last year.</p> <p>3        Q. What are the handful of the most      4        significant turnarounds that The Hunter Group      5        accomplished, not necessarily projects that you      6        worked on, but Hunter Group turnarounds that are      7        known?</p> <p>8        MR. TERUYA: Objection.</p> <p>9        A. The University of California San      10      Diego comes to my mind. The Hunter Group was      11      involved in the dissolution of the Stanford      12      University of California San Francisco merger.      13      We weren't involved in putting it together. We      14      were involved in taking it apart.</p> <p>15      There are probably some other ones, a      16      number of other ones. And a lot of smaller      17      hospital -- you know, I worked mostly in the      18      academic medical center area and didn't pay a lot      19      of attention to the community hospital      20      engagements, but there were a lot of smaller      21      hospital engagements across the country that The      22      Hunter Group developed a plan for the turnaround.</p> <p>23        Q. Who in 1998 would you say was the      24        chief competition to The Hunter Group in terms of      25        turnaround consultants?</p>	<p style="text-align: right;">Page 303</p> <p>1            DANIEL L. STICKLER      2        A. Because we don't think it's feasible.</p> <p>3        Q. That's because The Hunter Group      4        doesn't want to promise more than it can      5        deliver?</p> <p>6        MR. TERUYA: Objection.</p> <p>7        A. No, I think because we don't think      8        it's feasible. You know, we, as I said earlier,      9        hold a position in every one of these plans that      10      we put together, and we emphasize to each other      11      the fact that you don't recommend a plan that you      12      don't think you could implement yourself. And      13      there have been some instances in which we would      14      put together the plan, and the gap between where      15      the organization was that day and the financial      16      viability was greater than what we thought we      17      could close.</p> <p>18        Q. Earlier today Mr. Teruya referred to      19      recommendations that The Hunter Group would make      20      to AHERF. You were actually, however, the      21      interim COO of the eastern region?</p> <p>22        A. Yes.</p> <p>23        Q. In that capacity, you didn't have to      24        make recommendations for things that were within      25        the authority of a COO to do; is that right? Do</p>